VZCZCXRO9670 PP RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR DE RUEHSL #0310/01 1851850 ZNY CCCCC ZZH P 031850Z JUL 08 FM AMEMBASSY BRATISLAVA TO RUEHC/SECSTATE WASHDC PRIORITY 1818 INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY RHEHNSC/NSC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BRATISLAVA 000310

SIPDIS

E.O. 12958: DECL: 07/02/2018

TAGS: ECON ENRG EPET PREL AM AJ GG TX UP RS PL

KV, GM, LO

SUBJECT: EUR DAS BRYZA'S JULY 1 VISIT TO BRATISLAVA

REF: A. WARSAW 739 ¶B. STATE 69691

Classified By: Ambassador Vincent Obsitnik for Reasons 1.4 b) and d)

11. (C) Summary. EUR DAS Matt Bryza, accompanied by Ambassador Obsitnik and Pol-Econoff, met with Slovak Foreign Minister Jan Kubis on July 1 for a wide-ranging dicussion on Armenia-Azerbaijan, Georgia-Abkhazia, Turkmenistan and the Nabucco gas pipeline, Transpetrol, increased transparency in Ukrainian energy, and the July 11 Donors Conference for Kosovo in Brussels. Kubis expressed concern over the Nagorno-Karabakh conflict, stating that Armenian President Serzh Sargsian is not afraid of confrontation. On Georgia-Abkhazia, Kubis said he would like to be as helpful as possible in resolving the conflict, but precluded Slovakia's membership in the "New Friends of Georgia." FM said he was open to the provision of Slovak police forces to allow for the return of Georgian IDPs if the Friends could reach an agreement on a new peace plan. On energy topics, Kubis noted that Turkmenistan (Kubis had just visited) was open to an agreement with the EU as a buyer in the Nabucco gas pipeline project but was not willing to provoke Russia without solid EU assurances. On Transpetrol, the FM responded to reports the GoS had a deal to resell shares to the Russians after a GoS buy-back from Yukos by emphasizing the overall GOS goal of retaining management control under all circumstances. The FM was open to initiatives to encourage more transparency in Ukrainian energy but said it meant taking on strong vested interests in Kiev. Kubis told DAS Bryza that he was not planning to attend the July 11 Donors Conference for Kosovo; the GoS would make no contributions at this time but would encourage others to do so. End Summary.

Regional Conflicts

- 12. (C) Kubis began his substantive comments by expressing strong concern over the Nagorno-Karabakh conflict. said he believed Armenian President Serzh Sargsian has a number of supporters and is not afraid of confrontation. Kubis offered to help in any way he could, taking note of Bryza's suggestion that the FM could reinforce his assessment of Armenia with the Azeris and encourage President Ilham Aliyev to tone down his anti-Armenian rhetoric.
- 13. (C) Remaining on regional conflicts, Kubis again expressed a desire to help in the Georgia-Abkhazia dispute. He stated he would do whatever he could outside of joining the New Friends of Georgia. Kubis appeared to appreciate both the need for a direct channel of communication between the Georgians and the Abkhaz and the political window afforded by high-level German attention. The FM nodded in assent as Bryza suggested that Russian obstructionism on Abkhazia might spur the Germans to support the MAP for

Georgia, thus raising the political costs to Russian President Medvedev. Kubis said he supported engagement and was open to providing Slovak police forces in the Kodori Valley and Gali district if the Friends could reach agreement on a new peace plan. The FM said the question was timing, noting that he wanted to wait for Moscow's reaction. If the Russians did not object and the Germans were in favor, he said he could start raising the possibility within the GOS.

Energy

- 14. (C) Turning toward energy issues, Kubis said recent discussions in Ashgabat led him to believe that Turkmenistan looked at the Nabucco gas pipeline project in very logical, cost-benefit terms. The FM noted that Turkmenistan would like to get closer to the EU to avoid Russian monopsony. However, the Turkmen were not willing to risk their relationship with Russia unless they had solid assurances of EU support. Kubis believed Turkmenistan would not initiate EU contact but would accept it. The FM was open to Bryza's suggestion that the EU emphasize Turkmenistan matters and would not simply be bypassed in favor of the South Stream pipeline.
- 15. (C) Regarding Transpetrol, Kubis responded to reports the GoS had a deal to resell a stake to the Russians after a GoS buy-back from Yukos by emphasizing the overall GOS goal of retaining management control in any event. He dismissed the suggestion that the GoS could be blackmailed by the Russians who could tie the sale of the shares in Transpetrol to the

BRATISLAVA 00000310 002 OF 002

renewal of gas contracts. Kubis did not offer a substantive response when asked about a potential bid for the 49% stake by Polish refiner PKN Orlen in a consortium that would attempt to keep the stake out of Russian hands (reftel A). (Note: The Chairman of Slovakia's gas company told DAS Bryza later in the day that he saw no connection between the gas supply negotiations he was conducting with Gazprom and the Transpetrol sale.)

16. (C) Kubis concluded his thoughts on energy issues by stating that he is open to the suggestion of tying greater transparency in the Ukrainian energy sector to the debottlenecking of Uzhgorod gas distribution in western Ukraine near the Slovak border, a potential boon for Ukraine that could provide an additional 19 bcm into the network. However, Kubis said that greater energy transparency initiatives in Ukraine would be difficult, noting the vested interests that have benefited from the lack of transparency.

Kosovo Donors Conference

- 17. (C) At the conclusion of the meeting, the Ambassador delivered the demarche regarding the July 11 Donors Conference for Kosovo (reftel B). Kubis said that he would not attend the conference, instead sending an Ambassador as an observer. He said the GoS would make no contributions at this time but would encourage others to do so.
- $\P 8$. (U) This cable was cleared in substance by DAS Bryza. OBSITNIK